

## STATE CORPORATION COMMISSION

PUE-2007-00084

AT RICHMOND, NOVEMBER 6, 2007

APPLICATION OF

2007 NOV -6 P 4: 16

VIRGINIA NATURAL GAS, INC.

CASE NO. PUE-2007-00084

For a certificate of public convenience and  
necessity to construct compressor stations  
in Caroline and Charles City Counties, Virginia

AMENDED ORDER FOR NOTICE AND COMMENT

On September 11, 2007, Virginia Natural Gas, Inc. ("VNG" or the "Company") filed an application with the State Corporation Commission ("Commission"), pursuant to the Virginia Utility Facilities Act (§ 56-265.1 et seq.), Chapter 10.1 of Title 56 of the Code of Virginia, for a certificate of public convenience and necessity authorizing the Company to construct a 12,125 horsepower compressor and related facilities on the Company's joint use pipeline ("JUP")<sup>1</sup> in Caroline County, Virginia, and an 8,120 horsepower compressor and related facilities on the Company's lateral pipeline ("VNG Lateral")<sup>2</sup> in Charles City County, Virginia (collectively, "New Compressor Stations"). According to VNG, the New Compressor Stations will be electric motor driven centrifugal compressors, with associated piping and controls, and are estimated to cost approximately \$36.4 million to construct.

On October 25, 2007, the Commission issued an Order for Notice and Comment that, among other things, docketed the application; directed the Company to provide public notice of its application; directed the Company to file testimony and exhibits in support of its application;

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<sup>1</sup> The JUP extends approximately 80 miles from a point in eastern Fauquier County to a point in Hanover County.

<sup>2</sup> The VNG lateral is approximately 76 miles in length, running southeast from Hanover County to a point in Newport News where it connects with VNG's distribution system at the Company's Northern Gate 4 city gate station.

and established dates for the filing of comments, requests for hearing, pleadings, and a Staff report.

On November 2, 2007, the Company filed a Motion for Leave to File Amendment to Application ("Motion") requesting authority to amend its application to include an additional, alternative site for its proposed compressor station in Charles City County and to change the horsepower rating for its proposed compressor station in Caroline County from 12,125 horsepower to 11,740 horsepower. The Company further requested that the procedural schedule established by the Commission's October 25, 2007 Order for Notice and Comment be maintained to the extent possible when considering the amendments to the Company's application in order to assure that the New Compressor Stations are constructed in time for the Company's 2009-2010 winter heating season. The Application Amendment accompanying the Company's Motion contained a property description for the alternative site for the compressor station in Charles City County, and noted the change in horsepower for the proposed compressor station in Caroline County from 12,125 horsepower to 11,740 horsepower.

NOW THE COMMISSION, upon consideration of the application and the Company's Motion for Leave to File Amendment to Application, is of the opinion and finds that the Company's Motion should be granted and that the Application Amendment should be made a part of VNG's application. We further find that the public notice provisions of the Commission's October 25, 2007 Order for Notice and Comment should be amended to reflect the additional, alternate site location for the compressor station in Charles City County and amended to reflect the change in the horsepower rating of the compressor station in Caroline County from 12,125 horsepower to 11,740 horsepower. Finally, and in accordance with the Company's request, we

will retain the procedural schedule set forth in the Commission's October 25, 2007 Order for Notice and Hearing in order to expedite the Commission's consideration of the application.

Accordingly, IT IS ORDERED THAT:

(1) On or before November 26, 2007, VNG shall cause to be sent by first class mail a copy of the Commission's October 25, 2007 Order for Notice and Comment and a copy of this Amended Order for Notice and Comment to all owners of property adjacent to the proposed and alternate sites of the proposed New Compressor Stations. This requirement shall be satisfied by mailing a copy of the Orders to such persons at the addresses indicated in the land books maintained by the commissioner of revenue, director of finance, or treasurer of Caroline and Charles City Counties.

(2) The following amended public notice shall be substituted for the public notice contained in Ordering Paragraph (5) of the Commission's October 25, 2007 Order for Notice and Comment. On or before November 26, 2007, the Company shall complete publication of the following amended notice on one occasion as display advertising (not classified) in newspapers of general circulation within the areas in Caroline and Charles City Counties where the Company proposes to construct the New Compressor Stations and related facilities:

NOTICE TO THE PUBLIC OF AN APPLICATION BY  
VIRGINIA NATURAL GAS, INC., FOR A CERTIFICATE OF  
PUBLIC CONVENIENCE AND NECESSITY AUTHORIZING  
THE CONSTRUCTION OF COMPRESSOR STATIONS IN  
CAROLINE AND CHARLES CITY COUNTIES, VIRGINIA  
CASE NO. PUE-2007-00084

On September 11, 2007, Virginia Natural Gas, Inc. ("VNG" or the "Company") filed an application with the State Corporation Commission ("Commission") for a certificate of public convenience and necessity authorizing the Company to construct a 12,125 horsepower compressor and related facilities on the Company's joint use pipeline ("JUP") in Caroline County, Virginia, and an 8,120 horsepower compressor and related facilities on the

Company's lateral pipeline ("VNG Lateral") in Charles City County, Virginia (collectively, "New Compressor Stations"). The New Compressor Stations will be electric motor driven centrifugal compressors, with associated piping and controls, and are estimated to cost approximately \$36.4 million to construct.

On November 2, 2007, VNG amended its application and proposed an additional, alternate site for its proposed compressor station in Charles City County. The Company also noted that the horsepower rating of its proposed compressor station in Caroline County had been reduced from 12,125 horsepower to 11,740 horsepower.

VNG's application states the New Compressor Stations are necessary to meet the needs of the Company's customers, particularly those in the Company's South Hampton Roads service territory, as well as to provide additional capacity to Columbia Gas of Virginia, Inc. ("CGV") and Virginia Electric and Power Company ("Virginia Power"). According to the Company's application, rapid growth throughout Hampton Roads since the 1980s and the configuration of the VNG pipeline system have created the need for additional, competitively-priced natural gas supplies to meet the demands of VNG's customers, and to provide additional capacity to CGV and Virginia Power. VNG proposes to meet this need for additional gas delivery capability by constructing the New Compressor Stations and increasing the pressure and the amount of gas that can be transported through the JUP and VNG Lateral. In addition to improving system reliability, the application states the New Compressor Stations will also allow the Company to gain access to gas supplies from a wider variety of sources, which will benefit VNG's customers by providing additional opportunities to obtain natural gas at lower prices from alternate sources.

A description of the proposed and alternate sites for the New Compressor Stations in Caroline and Charles City Counties follows:

Proposed Site for the Caroline County Compressor Station

Beginning at a point approximately 650 feet east of the centerline of U.S. Route 1 at a point that is approximately 2,400 feet north of the north right-of-way line of State Route 632 (Cedon Road), thence extending northeasterly 550 feet and perpendicular to and north of the Virginia Natural Gas pipeline easement to a point on Dominion's Ladysmith Power Plant property, thence

extending southeasterly in a perpendicular direction 550 feet to a point, thence extending southwesterly in a perpendicular direction 550 feet to a point just south of the Virginia Natural Gas pipeline, thence extending northwesterly in a perpendicular direction and parallel with the Virginia Natural Gas pipeline easement 550 feet to the point of beginning and lying in the Madison Magisterial District of the County of Caroline and identified in the records of the Commissioner of Revenue as being part of Tax Map 39-A-212.

Proposed Site for the Charles City County  
Compressor Station

Beginning at a point approximately 155 feet south of the centerline of Chambers Road and approximately 3,650 feet east of Roxbury Road (0.7 + mile), being approximately 1,500 feet east of the east property line of Dominion Virginia Power, thence extending easterly 660 feet parallel to Chambers Road to a private access road, thence extending southerly 660 feet along said private road to a point, thence extending westerly 660 feet to a point, thence extending northerly 660 feet to the point of the beginning and being bounded on the north, east, south and west by the property belonging to Lexington Corporation and lying in Harrison Magisterial District, Charles City County, Virginia and containing, more or less, 10 acres and identified in the Charles City County Commissioner of Revenue's records as part of Tax Map Parcel 8-1.

Proposed Alternate Site for the Charles City County  
Compressor Station

Beginning at a point approximately 1,100 feet northwest of Chambers Road from a point approximately 2,600 feet east of the centerline of Roxbury Road (State Route 106), said point being on either side of the Dominion Virginia Power transmission line easement, thence northwesterly along either the east or west boundary of the transmission line easement a distance not to exceed 800 feet and a distance either northeasterly or southwesterly from either side of the said boundary sufficient to include at least ten acres and being bounded mostly on all sides by property owned by Riley B. Lowe and Helen F. Lowe and lying in the Harrison Magisterial District, Charles City County, Virginia and containing, more or less, 13 acres and identified in the Charles City Commissioner of Revenue's records as being part of Tax Map Parcel 7-133.

A copy of the Company's application and the Commission's Order for Notice and Comment and Amended Order for Notice and

Comment are available, at no charge, by making a request in writing for the same to counsel for the Company, Edward L. Flippen, Esquire, McGuireWoods LLP, One James Center, 901 East Cary Street, Richmond, Virginia 23219. Copies are also available for public inspection at the Commission's Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia 23219, Monday through Friday, 8:15 a.m. to 5:00 p.m. Unofficial copies of the Company's application, the Commission's Order for Notice and Comment, and the Commission's Amended Order for Notice and Comment in this proceeding may be downloaded from the Commission's website: <http://www.virginia.gov/caseinfo.htm>.

On or before December 10, 2007, any interested person may submit written comments or requests for hearing on the Company's application for a certificate of public convenience and necessity authorizing the construction of the New Compressor Stations. An original and fifteen (15) copies of all such written comments and requests for hearing must be filed with Joel H. Peck, Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Any request for hearing shall state with specificity why the issues raised in the request for hearing cannot be adequately addressed in written comments. If no sufficient request for hearing is received, the Commission may consider the application based on the papers filed without convening a hearing at which oral testimony is received. Persons filing a request for hearing and expecting to participate as a respondent in any hearing that may be scheduled shall also file, on or before December 10, 2007, an original and fifteen (15) copies of a notice of participation with the Clerk of the Commission as required by 5 VAC 5-20-80 B of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 et seq. Interested persons should refer to the Commission's Order for Notice and Comment and Amended Order for Notice and Comment for more information on participation as a respondent.

Interested persons desiring to submit comments electronically may do so on or before December 10, 2007, by following the instructions available at the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>. Interested persons shall refer in their comments, requests for hearing, and notices of participation to Case No. PUE-2007-00084 and shall serve a copy upon counsel for the Company at the address set forth above.

Interested persons should consult the Commission's Order for Notice and Comment and Amended Order for Notice and

Comment for further details regarding participation in this proceeding. Unofficial copies of the Company's application, the Commission's Orders entered in this proceeding, the Commission's Rules of Practice and Procedure, as well as other information concerning the Commission and the statutes it administers, may be accessed through the Commission's Document Search Portal at: <http://www.scc.virginia.gov/caseinfo.htm>.

#### VIRGINIA NATURAL GAS

(3) On or before November 26, 2007, VNG shall serve a copy of the Commission's October 25, 2007 Order for Notice and Comment and a copy of this Amended Order for Notice and Comment on the chairman of the board of supervisors and the county attorney of Caroline and Charles City Counties and the mayor or manager of every city and town (or equivalent officials in cities and towns having alternate forms of government) in Caroline and Charles City Counties. Service shall be made by first-class mail or personal delivery to the customary place of business or to the residence of the person served.

(4) All other provisions of the Commission's October 25, 2007 Order for Notice and Comment shall remain in full force and effect.

ATTESTED COPIES hereof shall be sent by the Clerk of the Commission to: Edward L. Flippen, Esquire, and Kristian M. Dahl, Esquire, McGuireWoods LLP, One James Center, 901 East Cary Street, Richmond, Virginia 23219; Shannon Omia Pierce, Senior Regulatory Counsel, AGL Resources Inc., Ten Peachtree Place, 15th Floor, Atlanta, Georgia 30309; C. Meade Browder, Jr., Senior Assistant Attorney General, Division of Consumer Counsel, Office of the Attorney General, 900 East Main Street, Second Floor, Richmond, Virginia 23219; and the Commission's Office of General Counsel and Divisions of Energy Regulation, Public Utility Accounting, Economics and Finance, and Utility and Railroad Safety.